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Revised Staff: 75/1155

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31 July 1975

MEMORANDUM FOR THE RECORD

SUBJECT: DDI and DDO Briefing of HSC Staffers

25X1 1. [] with [] spent a little over two hours 25X1
briefing Emily Sheketoff and Ed Roeder on 30 July 1975. The staffers
had requested that they be briefed in depth on dollar figures with mini- 25X1
mum explanation of what those who spend the money do. [] gave
them some figures and answered many of their questions, some of
which were quite elementary, as best he could, given the framework
of their request. In the end he convinced them that they would never
understand dollar figures without some idea of how the money was used.
He offered to brief them early any morning at length on the background
of what the DDI does, how and why, to place the budget in meaningful
context. This is being arranged for Friday morning. Here are some
of the questions they asked.

a. How is the DDI budget formulated?

b. Who (i. e., what level) decides how much is spent on
each activity?

c. What percent of the DDI budget is re-programmed within
the DDI; what percent of DDI money is re-programmed to
another Agency component; what percent is re-programmed
from another component into the DDI?

d. Do you have covert or hidden contracts, whereby a con-
tractor does not know that he is contracting with CIA? (Even
though the CIA is not at fault, one result of its having classified
contracts may be that the contractor will withhold information
which properly should go far up in his own hierarchy -- for
example, to his Board of Regents.)

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- e. Do you have any external contracts except for research?
- f. Do you send people abroad to study? How many people do you place in universities? Have you any cases of a person managing a contract for \$1,000,000 or so for a hefty fee, say \$50,000?
- g. What freedom of action does each level have to re-program? In what amounts? And with what constraints?
- h. To what extent are people and resources from other agencies made available to the directorate, and vice versa.
- i. What people or amounts of money do you have control of that are not reflected in your budget?

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2. The DDO budget briefing conducted by Bill Nelson and [redacted] lasted about two and one-half hours. The DDO stressed the need for security and his concern about the ultimate disposition of HSC records. Roeder replied that there had been no leaks from the HSC staff or HSC members as yet. The level of questioning was elementary and the picture which emerged could have only been blurred. Nelson explained the difference between operating funds and management support funds, and he tried to keep them from confounding objectives and object classes. Roeder asked if there was any unclassified information on the DDO budget that they could take back for House members to read in their offices. Some of their questions were:

- a. How big is the contingency fund? How much is added to it each year? What approvals must be obtained in order to use it?
- b. If you have a "spy" (agent) in Moscow, where will we find his salary?
- c. They were interested in mid-year reviews for budget and management purposes. Does the DDO wait until someone below him shouts for help before he re-programs money or does he intervene on his own initiative?

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d. Again, does the DDO have employees from other agencies or parts of CIA, and do other agencies or parts of the agency get employees from the DDO. If so, who pays them? Does OMB have control of this exchange of money and services?

e. Do proprietaries give the Agency extra freedom from budgetary oversight in that it can get services from the proprietaries cheaper than normally and thus have some extra money left for operating purposes that oversight levels are unaware of? Do proprietaries make profits that can be used by the Agency at its own discretion without effective oversight control?



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Assistant to the Director

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